BUDGET ASSUMPTIONS

(CONTINUED)

SPR Trainings

56 Training Rooms @ $150 x 5 days	$42,000
656 lunches & breaks @$15 x 5 days	49,200
600 miscellaneous @ $10	6,000
Total	**$97,200**

Mid Program Manager Session

70 flights @ $500	$35,000
70 rooms @ $100 x 3	21,000
70 meals @ $50 x 70	14,000
Hotel transfers $20 x 70	1,400
Miscellaneous @ $50 x 70	3,500
Total	**$74,900**

Miscellaneous

This line item is to cover incidental expenses such as getting to and from the airport, telephone calls from the hotel to their home, etc. In the case of SPR training, this is to cover mileage, tolls, parking, etc.

Note: By asking the Market Managers to double up in the hotel rooms, the budget would be reduced by approximately $20,000.

MANAGEMENT FEE

The management fee includes 2 components as follows:

Profit

Field Marketing has included in the management fee a profit and commissions of $596,000 which is approximately 5% of the overall billings!

Non-billable Overhead

We estimate a total of $294,000 to include costs such as time of senior management personnel, interest float, outgoing phone and fax costs and computers/work stations.

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Source: https://www.industrydocuments.ucsf.edu/docs/xrdy0004

MARLBORO VAN PROGRAM
1997 VAN PROGRAM BID

FIELD LABOR	
Van Team (Sales Promotion Reps/Hourly Rate	$10.00
Market Managers/Weekly Salary –	550
Region Managers/Weekly Salary	840
600 SPRs x 40 hours a week x 24 weeks x $10	$5,760,000
56 Market Managers x 30 weeks x $550	924,000
8 Region Manages x 32 weeks x $840	215,040
Total Field Labor Expenses	6,899,040
Payroll Taxes & Insurance @ 15.9%	1,096,947
TOTAL FIELD LABOR EXPENSES	**$7,995,987**

FIELD OPERATIONAL EXPENSES	
Van Gasoline (Avg. 400 miles per week)	$298,285
Oil Changes (2 per van) 300 @ $30 x 2	18,000
Van Washing (3 times per week) 300 x 2 x 24 @ $6	129,600
Van Repair ($25 per van)	7,500
Kiosk Repair ($150 per kiosk)	45,000
56 Incentive Warehouses (15' x 30') (26 weeks) @30	43,680
Market Manager Mileage (500 miles per week) @ $.31	260,400
Tolls/Parking $6 x 24 x 300	43,200
Overnight Van Storage (secured facility) $30 x 26 x 300	234,000
Pagers (66 months for 7 months) $40/month	18,480
Cross Shipping of Materials $400 x 56 mgrs.	22,400
Phone Expensed for Field Managers $115 x 64 x 7	51,520
Fax Machines (64) @ $400	25,600
Postage/Overnight Express 64 x $12 x 30 weeks	23,040
Office Supplies for Field Managers $75 + $10/week	24,000
Van Kits (paper towels, cleaner, touch-up paint, etc.) $85	25,500
Photocopies $8 week x 64 x 30	15,360
Driving record & background checks (all field personnel)	67,500
Drug Testing (all field personnel) 900 @ $75	67,500
Region Manager Travel $850 week x 34 x 8	231,200
Recruiting Ad Costs	225,000
TOTAL FIELD OPERATIONAL EXPENSES	**$1,876,765**

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Source: https://www.industrydocuments.ucsf.edu/docs/xrdy0004

1997 VAN PROGRAM BID
(continued)

MYSTERY SHOPPER EXPENSES **(assume 2 per market - 3 days per week)**	
Training (one session)	$12,960
Hourly Rate (estimated at $30 per call)	207,000
Travel Expenses (included in cost per call)	0
TOTAL MYSTERY SHOPPER EXPENSES	**$219,960**

HEADQUARTERS PERSONNEL & EXPENSES **(includes payroll taxes & benefits)**	
National Director (34 weeks)	$51,000
National Field Director (34 weeks)	42,500
2 Assistants (30 weeks)	45,000
3 Payroll & Customer Service (26 weeks)	68,000
Inventory Manager (28 weeks)	22,500
Reporting Manager (28 weeks)	21,000
Recruiting Staff (30 weeks)	94,000
Accounting Manager (30 weeks)	30,000
Phone Auditor (24 weeks)	15,000
Forms Printing (location reports, inventory, manuals, etc.)	31,675
HQ Phone Expense	57,000
Inventory Expense	20,000
HQ Travel	70,000
Insurance	13,900
Voice mail (400 mailboxes)	45,000
Location Reporting System	40,000
TOTAL HQ PERSONNEL & EXPENSES	**$666,575**

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Source: https://www.industrydocuments.ucsf.edu/docs/xrdy0004

1997 VAN PROGRAM BID
(continued)

TRAINING EXPENSES (Based on all training sessions requiring 5 days)	
Region Manager Training (one location)	$9,900
Market Manager Training (one location)	73,870
SPR Training (56 local market training)	97,200
Mid Program Manager Session (3 - 4 days)	74,900
TOTAL TRAINING EXPENSES	~~**$255,870**~~ 571,5

MANAGEMENT FEE (includes agency profit and non-billable overhead)	**$890,000**

SUMMARY

FIELD LABOR EXPENSES	$7,995,987
FIELD OPERATIONAL EXPENSES	$1,876,765
MYSTERY SHOPPER EXPENSES	$ 219,960
HEADQUARTERS LABOR & EXPENSES	$ 666,575
TRAINING EXPENSES	$ ~~255,870~~ 571,550
MANAGEMENT FEE	$ 890,000
TOTAL PROGRAM COST	~~**$11,905,157**~~ $ 12,220,837

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Source: https://www.industrydocuments.ucsf.edu/docs/xrdy0004